

To the Members of the California State Senate:

I am returning Senate Bill 1198 without my signature. The addition of a new mandate, no matter how well-intentioned, will only serve to increase the overall cost of health care. This mandate is estimated to increase premiums for private employers by almost \$120 million dollars annually. Enrollee contributions would increase by over \$32 million annually. The hardest hit population would be the small group market – the small businesses that are most sensitive to price changes and struggling to keep their employees covered at all.

We cannot afford to increase these costs without enacting other measures that improve efforts aimed at prevention, address affordability of care and share responsibility between individuals, providers, employers and government.

For these reasons, I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger